



AF \$3624  
IP

<b>TRANSMITTAL OF APPEAL BRIEF</b>		Docket No. 971047.0101PTUS
In re Application of: Amy Galland		
Application No. 09/752592-Conf. #1628	Filing Date January 2, 2001	Examiner R. Weisberger
Invention: METHOD OF DIRECT FUNDING		
<b><u>TO THE COMMISSIONER OF PATENTS:</u></b>		
Transmitted herewith is the Appeal Brief in this application, with respect to the Notice of Appeal filed: <u>June 2, 2005</u> .		
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<i>Martin Sulsky</i> Martin S. Sulsky Attorney Reg. No. : 45,403 PATTON BOGGS LLP 8484 Westpark Drive, 9th Floor McLean, Virginia 22102 (703) 744-8000		Dated: <u>September 2, 2005</u>



IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

In re application of: )  
Amy GALLAND )  
Serial No.: 09/752,592 ) Group Art Unit: 3624  
Filed: January 2, 2001 ) Examiner: R. Weisberger  
For: METHOD OF DIRECT ) Attorney Docket: 971047.0101PTUS  
FUNDING )

**APPEAL BRIEF UNDER 37 C.F.R. § 41.37**

Commissioner for Patents  
PO Box 1450  
Alexandria, Virginia 22313-1450

Sir:

The following is the Appellant's Brief, submitted under the provisions of 37 C.F.R. 41.37. The fee of \$250 required by 37 C.F.R. 1.17(c) is provided in a check submitted herewith.

**1. Real Party in Interest**

The real party in interest is Artsfunds.org, a Maryland corporation.

**2. Related Appeals and Interferences**

There are no related appeals or interferences that will directly affect, be directly affected by or have a bearing on the present appeal, that are known to appellant, the assignee, or the appellant's patent representative.

**3. Status of Claims**

Claims 1-4, 7-10, 12, and 13 are pending. Claims 5, 6 and 11 have been cancelled. A copy of the pending claims is present in the CLAIMS APPENDIX.

Claims 1-4, and 10 were finally rejected under 35 U.S.C. § 102(a) as being anticipated by Cavaan.

Claims 1-4, 7-10, 12, and 13 were finally rejected under 35 U.S.C. § 103(a) as being unpatentable over Cavaan.

Claims 1-4, 7-10, 12, and 13 are on appeal.

#### **4. Status of Amendments**

There are no pending amendments.

#### **5. Summary of the Claimed Subject Matter**

Claim 1. The claimed invention is directed to a method of directly funding projects. The method includes the steps of (a) soliciting proposals desiring funding (*see, specification ¶¶[0007], [0013]*); (b) posting said proposal on a server (*see, specification ¶¶[0007], [0013]*); (c) connecting said server to the Internet (*see, specification ¶¶[0007], [0013]*); and (d) receiving an inquiry from at least one client device concerning said proposal (*see, specification ¶¶[0007], [0013]*).

Claim 10. The claimed invention is directed to network based system of direct funding of projects. The system includes (a) at least one client device (*see, specification ¶¶[0008], [0020]*); (b) at least one server (*see, specification ¶¶[0008], [0020]*). Additionally, the server includes software which posts on the Internet proposals desiring funding and receives inquiries to the posting from the at least one client (*see, specification ¶¶[0008], [0020]*).

Claim 12. The claimed invention is directed to a network based system of direct funding of projects. The system includes (a) a means for soliciting proposals desiring funding (*see, specification ¶¶[0009], [0021]*); (b) a means for posting the proposals on a server; a means for connecting the server to the Internet (*see, specification ¶¶[0009], [0021]*); and (c) a means for receiving an inquiry from a client device responding to the proposals (*see, specification ¶¶[0009], [0021]*).

The above identified portions of the specification are exemplary, and included herein to summarize the nature of the claimed invention to facilitate review on appeal. Nothing contained in this summary should be construed as an incorporation of limitations from the specification into the claims.

#### **6. Grounds of Rejection to be Reviewed on Appeal**

Claims 1-4, and 10 stand rejected under 35 U.S.C. § 102(a) as being anticipated by Cavaan.

Claims 1-4, 7-10, 12, and 13 stand rejected under 35 U.S.C. § 103(a) as being obvious over Cavaan.

## 7. Argument

### SUMMARY OF THE ARGUMENT

I. Claims 1-4 and 10 are not anticipated under 35 U.S.C. § 102(a) by Cavaan because Cavaan does not disclose a “pledge” and does not disclose donors providing money directly to an individual or an individual project.

II. Claims 1-4, 7-10 and 12-13 are not obvious under 35 U.S.C. § 103(a) by Cavaan because Cavaan does not disclose a direct transfer of money, Cavaan does not disclose forming a binding commitment to pay, Cavaan requires the donor and donee to meet, and no other reference of record discloses these features.

### ARGUMENT

#### I. CLAIMS 1-4 AND 10 ARE NOT ANTICIPATED UNDER 35 U.S.C. § 102(A) BY CAVAAN BECAUSE CAVAAN DOES NOT DISCLOSE A “PLEDGE” AND DOES NOT DISCLOSE DONORS PROVIDING MONEY DIRECTLY TO AN INDIVIDUAL OR AN INDIVIDUAL PROJECT.

##### A. Cavaan does not disclose a “pledge” because Cavaan does not disclose a commitment to payment.

“A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Schering Corp. v. Geneva Pharms., Inc.*, 339 F.3d 1373, 1379, 67 U.S.P.Q.2d (BNA) 1664 (Fed. Cir. 2003). Claims are given their broadest reasonable interpretation consistent with the specification. See *In re Graves*, 69 F.3d 1147, 1152, 36 USPQ2d 1697, 1701 (Fed. Cir. 1995). (emphasis added).

To determine the broadest reasonable interpretation consistent with the specification, the Federal Circuit in a recent en banc decision held that a patent’s claim language, written description and prosecution history should serve as the primary source of claim interpretation. *Phillips v. AWH Corp.*, Nos. 03-1269, (Fed. Cir. 2005) (rejecting the methodology suggested in some of its earlier case law that dictionaries should automatically be the starting point for determining a claim’s meaning). In *Phillips*, the court specifically warned against using dictionaries as the primary source for claim construction because

dictionaries strive to collect all uses of particular words, from the common to the obscure, and thus contain definitions used in many different, unrelated fields of art. *Id.*

The broadest reasonable interpretation of “pledge” must therefore be consistent with the specification. In the Office Action mailed December 2, 2004, the Examiner rejected 1-4 and 10 under 35 U.S.C. § 102(a) as being allegedly anticipated by Cavaan because, the Examiner asserted, a pledge can be read as a “sign or “indication,” therefore making a pledge inherent in the “forum” described in the sixth paragraph of page 2 of Cavaan. To support his position, the examiner cited a single obscure definition taken from an online dictionary, [www.answers.com](http://www.answers.com), which interpreted a 17th-century poem in support of that usage.

Advisory Action faxed June 23, 2005 (citing a line from the Robert Herrick poem “To Blossom”, copy enclosed).

The meaning of pledge in the claims of the present application is inconsistent with the Examiner’s definition. A pledge is not merely a “sign” or “indication”, as the specification makes abundantly clear. It is instead a binding commitment or promise to pay. This is the definition of one of ordinary skill in the fundraising art. Indeed, the Examiner’s one obscure definition of “pledge” taken from [www.answers.com](http://www.answers.com) is inconsistent with the remaining definitions of “pledge”, while all the other definitions are consistent with the specification. (copy enclosed). Further, upon reading the poem, it is evident that the particular definition cited by the Examiner is incorrect. The blossoms are more than just a mere sign of a fruitful tree, they are a promise for the fruit to come. Thus, even this poem does not support the anticipated rejection.

The instant application claims a method that includes posting a project proposal on line where patrons can visit the site and “make a donation to the organization with a request for the monies to be put towards their project of choice.” The donations may be made by direct transfer of money or a “pledg[e]” of money. (*see*, specification ¶¶[0013]-[0014]). In contrast, the “forum” described in Cavaan is one in which “each nonprofit organization touted its program’s merits for 10 minutes and shared with potential investors its vision for its future.” (Cavaan at 1). As described in Cavaan, this is merely an introductory meeting in which the potential investors are under no **obligation** to provide money to any of the nonprofit organizations. (*Id.*) (reporting, “no checks were exchanged that night,” only

“relationships were established”). Thus, Cavaan fails to disclose a direct transfer of money or a pledge of money.

A “pledge” from the instant specification is not inherent in the “forum” of Cavaan because Cavaan does not disclose a commitment to payment. Moreover, for inherent anticipation, the quality must necessarily be present in the asserted art. Cavaan simply does not anticipate claim 1 or any of its dependent claims.

**B. Claims 1-4 and 10 are not anticipated by Cavaan because Cavaan does not disclose donors providing money directly to an individual or an individual project.**

The Examiner rejected claims 1-4 and 10 under 35 U.S.C. § 102(a) as being anticipated by Cavaan, stating that Cavaan teaches a method of funding a project via the Internet including soliciting proposals, posting proposals and responding to the proposals. Office Action mailed July 1, 2004. The Examiner further stated that the claims are anticipated by Cavaan because the inquiry of claim 1 need only be a pledge, and a pledge can merely be a sign or indication. Office Action mailed December 2, 2004.

For a claim to be anticipated, each and every element as set forth in the claim must be found in a single reference. *Schering Corp.*, 339 F.3d 1373 (2003). Cavaan discloses using a website to facilitate conventional fundraising. That is, a fundraising process in which donations are given to “nonprofit agencies, foundations and private funders.” (Cavaan at 1). In contrast, the claimed invention is drawn to *direct* funding of projects. That is, it enables donors to provide money directly to an individual or towards an individual project without intervening middlemen or organizations that collect money and have entire control over who receives it. (*see*, specification ¶¶[0015]-[0016]). Thus, for this reason as well, Cavaan does not anticipate claim 1 or any of its dependent claims.

In sum, the claims are not anticipated by Cavaan because each and every element set forth in the claims is not found in Cavaan, namely Cavaan lacks, *inter alia*, enabling donors to provide money directly to an individual or towards an individual project.

**II. CLAIMS 1-4, 7-10 AND 12-13 ARE NOT OBVIOUS UNDER 35 U.S.C. § 103(A) BY CAVAAN BECAUSE CAVAAN DOES NOT DISCLOSE A DIRECT TRANSFER OF MONEY, CAVAAN DOES NOT DISCLOSE FORMING A BINDING COMMITMENT TO PAY, CAVAAN REQUIRES THE DONOR AND DONEE TO**

**MEET, AND NO OTHER REFERENCE OF RECORD DISCLOSES THESE FEATURES.**

**A. Claims 1-4 and 7-10 are not obvious because Cavaan does not teach or suggest direct transfer of money or forming a binding commitment or promise to pay money to a project using the Internet.**

In levying an obviousness rejection under 35 U.S.C. § 103, the Examiner has the burden of establishing (1) some suggestion or motivation to modify the reference or to combine reference teachings, (2) a reasonable expectation of success, and (3) that the prior art references, when combined, teach or suggest all the claim limitations. See MPEP §2143 (Aug. 2001, Latest Revision May 2004). The grounds of rejections fail to satisfy at least the first and third of these criteria.

The Examiner rejected claims 1-4 and 7-10 under 35 U.S.C. § 103(a) as being allegedly rendered obvious by Cavaan in view of and by the Examiner's Official Notice. Office Action mailed December 2, 2004. The Examiner stated the "careful read of [claims] 7 and 8 shows that the language directed to the transfer of money is optional." *Id.* The Examiner further stated that "the examiner took official notice that this feature [internet transfer of money] is well known to those skilled in the art and so too are reasons to combine this teachings." *Id.*

Cavaan cannot render the claims 1-4 and 7-10 obvious because Cavaan does not teach or suggest all of the claim limitations, nor has the Examiner provided any reference that teaches those features not disclosed by Cavaan. The Examiner's suggestion that claims 7 and 8 show that the claimed direct transfer of money is optional is incorrect. Claim 7 requires that the direct transfer of money comprises receiving a credit card debit authorization from a client while claim 8 requires that the direct transfer of money comprises payment of Internet cash to a solicitor. Both of these claims add additional limitations to the manner in which the money transfer is accomplished. They in no way make payment optional. As discussed in the response filed September 8, 2004, Cavaan only discloses a method of fund-raising for nonprofit agencies in which the nonprofit merely advertises its existence on the Craigslist website. After helping the nonprofits prepare business plans, the Criagslist forum arranges gatherings of small groups of nonprofits to present their business plans in person to the potential donors. (Cavaan at 1). No money is transferred through the website or at the small gatherings. Further, Cavaan also only sets up relationships among organizations, not

individuals or individual projects. In contrast, the method of the instant application is a direct method of funding individual projects, where a donor can evaluate a project on the website and donate or pledge to donate directly to the project through the website. The method does not require that the donor and donees ever meet nor that money first be given to an organization that then distributes the money as they see fit. That is, an organization that collects money and has entire control over who receives it. There is no teaching or suggestion in Cavaan of *directly* transferring money or forming a binding commitment or promise to pay money to a project or individual using the Internet as required by independent claims 1, 10, and 12. Therefore, Cavaan does not render claims 1-4 and 7-10 obvious because, *inter alia*, Cavaan does not teach or suggest direct transfer of money or forming a binding commitment.

Moreover, the grounds for rejection rest solely upon hindsight to supply the required motivation to modify the teachings of Cavaan, as evidenced by a total absence of citations to a prior art reference in support of the proposed modification.

The examiner's burden in levying an obviousness rejection is discussed above. The Federal Circuit recently emphasized the importance of evidencing the requisite motivation to combine references when rejecting claims based upon obviousness. In *In re Lee*, 277 F.3d 1338 (Fed. Cir. 2002) (copy appended), a PTO Board decision, in affirming an obviousness rejection, had held that it was unnecessary for the examiner to have presented a source of a teaching, suggestion, or motivation to combine the references and stated:

The conclusion of obviousness may be made from common knowledge and common sense of a person of ordinary skill in the art without any specific hint or suggestion in a particular reference.

*Lee*, 277 F.3d at 1341 (referencing Board op. at 7). The Federal Circuit reversed the Board's decision, observing that,

When patentability turns on the question of obviousness, the search for and analysis of the prior art includes evidence relevant to the finding of whether there is a teaching, motivation, or suggestion to select and combine the references relied on as evidence of obviousness. See, e.g., *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1351-52, 60 USPQ2d 1001, 1008 (Fed. Cir. 2001) ("the central question is whether there is reason to combine [the] references," a question of fact drawing on the *Graham* factors).

*Id.*, at 1343. Further, the court stated:

"The factual inquiry whether to combine references must be thorough and searching." *Id.* It must be based on objective evidence of record. This precedent has been reinforced in myriad decisions, and cannot be dispensed with. *See, e.g., Brown & Williamson Tobacco Corp. v. Philip Morris Inc.*, 229 F.3d 1120, 1124-25, 56 USPQ2d 1456, 1459 (Fed. Cir. 2000) ("a showing of a suggestion, teaching, or motivation to combine the prior art references is an 'essential component of an obviousness holding'") (quoting *C.R. Bard, Inc., v. M3 Systems, Inc.*, 157 F.3d 1340, 1352, 48 USPQ2d 1225, 1232 (Fed. Cir. 1998)); *In re Dembicza*k, 175 F.3d 994, 999, 50 USPQ2d 1614, 1617 (Fed. Cir. 1999) ("Our case law makes clear that the best defense against the subtle but powerful attraction of a hindsight-based obviousness analysis is rigorous application of the requirement for a showing of the teaching or motivation to combine prior art references."); *In re Dance*, 160 F.3d 1339, 1343, 48 USPQ2d 1635, 1637 (Fed. Cir. 1998) (there must be some motivation, suggestion, or teaching of the desirability of making the specific combination that was made by the applicant); *In re Fine*, 837 F.2d 1071, 1075, 5 USPQ2d 1596, 1600 (Fed. Cir. 1988) ("teachings of references can be combined only if there is some suggestion or incentive to do so.") (emphasis in original) (quoting *ACS Hosp. Sys., Inc. v. Montefiore Hosp.*, 732 F.2d 1572, 1577, 221 USPQ 929, 933 (Fed. Cir. 1984)).

*Id.*

In the present case, the Examiner has failed to make the requisite showing, as articulated in *Lee* and its predecessors, of a motivation to combine the cited references. Accordingly, the Examiner has failed to establish a *prima facie* case of obviousness.

**B. Claims 12 – 13 are not obvious because Cavaan requires the donors and donees to meet.**

As previously mentioned, the Examiner has the burden of proving that the prior art references, when combined, teach or suggest all the claim limitations. *See* MPEP §2143 (Aug. 2001, Latest Revision May 2004). Further, a *prima facie* case of obviousness may be rebutted by showing that the art, in any material respect, teaches away from the claimed invention. *In re Geisler*, 116 F.3d 1465, 1471, 43 USPQ2d 1362, 1366 (Fed. Cir. 1997).

The Examiner rejected claims 13-14 under 35 U.S.C. § 103(a) as being allegedly rendered obvious by Cavaan in view of and by the Examiner's Official Notice. Office Action mailed December 2, 2004. The Examiner stated that "the examiner took official notice that this feature [internet transfer of money] is well known to those skilled in the art and so too are reasons to combine this teachings." *Id.*

The combination of Cavaan with the Internet transfer of money does not result in claims 12-13 of the claimed invention. The resulting combination still requires the donors and donees to meet in small gatherings to discuss the projects. In contrast, the present system allows the direct funding of projects online. That is, the funding of projects without requiring the donors and donees to meet. Thus, the combination of Cavaan with the Examiner's Official Notice of the transfer of money over the Internet does not render obvious claims 12 and 13 because it does not teach or suggest all of the limitations of the claims. Indeed, Cavaan *teaches away* from the claim invention because it requires personal interaction between the funders and the recipients.

### CONCLUSION

Accordingly, Appellants respectfully solicit the Honorable Board of Patent Appeals and Interferences to reverse the rejection of the pending claims and pass this application on to allowance.

Respectfully submitted,



Martin Sulsky  
Registration No. 45,403

September 2, 2005

Date

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Should additional fees be necessary in connection with the filing of this paper, or if a petition for extension of time is required for timely acceptance of same, the Commissioner is hereby authorized to charge deposit account No. 19-0741 for any such fees; and applicant hereby petitions for any needed extension of time.

**Claims Appendix:**

1. A method of directly funding projects comprising:
  - soliciting proposals desiring funding;
  - posting said proposal on a server;
  - connecting said server to the Internet and
  - receiving an inquiry from at least one client device concerning said proposal,
  - wherein said inquiry comprises a direct transfer of money or a pledge.
2. The method of claim 1, wherein said project is an art project.
3. The method of claim 1, wherein said project is a science project.
4. The method of claim 1, wherein said project is a not for profit organization.
5. (Cancelled)
6. (Cancelled)
7. The method of claim 1, wherein said direct transfer of money comprises receiving a credit card debit authorization from a client.
8. The method of claim 1, wherein said direct transfer of money comprises payment of Internet cash to a solicitor.
9. The method of claim 1, further comprising the step of crediting funds to the project desiring funds.
10. A network based system of direct funding of projects comprising:
  - at least one client device;
  - at least one server; and
  - wherein said server includes software which posts on the Internet proposals desiring funding and receives inquiries to the posting from the at least one client and software to allocate funds based on the inquiries to the projects.

11. (Cancelled)
12. A network based system of direct funding of projects comprising:
  - a means for soliciting proposals desiring funding;
  - a means for posting the proposals on a server;
  - a means for connecting the server to the Internet; and
  - a means for receiving an inquiry from a client device responding to the proposals.
13. The network based system of claim 12, further comprising a means for distributing funds to the authors of the proposals.

**Evidence Appendix:**

Robert Herrick poem "To Blossom"

Definition of "pledge"; *available at [www.answers.com](http://www.answers.com)*

Cavaan, The Boston Herald, Charity Begins on the Net, October 26, 2000, available at [www.craigslist.org/about/press/charitybeginsonthenet.html](http://www.craigslist.org/about/press/charitybeginsonthenet.html).

*In re Lee*, 277 F.3d 1338 (Fed. Cir. 2002)

### CONCLUSION

Accordingly, Appellants respectfully solicit the Honorable Board of Patent Appeals and Interferences to reverse the rejection of the pending claims and pass this application on to allowance.

Respectfully submitted,

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**Should additional fees be necessary in connection with the filing of this paper, or if a petition for extension of time is required for timely acceptance of same, the Commissioner is hereby authorized to charge deposit account No. 19-0741 for any such fees; and applicant hereby petitions for any needed extension of time.**



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Arthur Quiller-Couch, ed. 1919. The Oxford Book of English Verse: 1250–1900.

Robert Herrick. 1591–1674

### 253. To Blossoms

FAIR pledges of a fruitful tree,  
 Why do ye fall so fast?  
 Your date is not so past  
 But you may stay yet here awhile  
 To blush and gently smile,  
 And go at last.

What! were ye born to be  
 An hour or half's delight,  
 And so to bid good night?  
 'Twas pity Nature brought you forth      <sup>10</sup>  
 Merely to show your worth  
 And lose you quite.

But you are lovely leaves, where we  
 May read how soon things have  
 Their end, though ne'er so brave:  
 And after they have shown their pride      <sup>15</sup>  
 Like you awhile, they glide  
 Into the grave.

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pledge

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pledge (plēj)

*n.*

1. A solemn binding promise to do, give, or refrain from doing something: *signed a pledge never to reveal the secret; a pledge of money to a charity.*
2.
  - a. Something given or held as security to guarantee payment of a debt or fulfillment of an obligation.
  - b. The condition of something thus given or held: *put an article in pledge.*
3. *Law.*
  - a. Delivery of goods or personal property as security for a debt or obligation: *a loan requiring a pledge of property.*
  - b. The contract by which such delivery is made.
4. A token or sign: *"fair pledges of a fruitful tree"* (Robert Herrick).
5. A person who has been accepted for membership in a fraternity or similar organization and has promised to join but has not yet been initiated.
6. The act of drinking in honor of someone; a toast.
7. A vow to abstain from alcoholic liquor: *ex-drinkers who have taken the pledge.*

*v.*, pledged, pledg·ing, pledg·es.

*v.tr.*

1. To offer or guarantee by a solemn binding promise: *pledge loyalty to a nation.* See synonyms at [devote](#), [promise](#).
2. To bind or secure by or as if by a pledge: *pledged themselves to the cause.*
3. To deposit as security; pawn.
4.
  - a. To promise to join (a fraternity or similar organization).
  - b. To accept as a prospective member of such an organization.
5. To drink a toast to.

*v.intr.*

1. To make a solemn binding promise; swear.
2. To drink a toast.

[Middle English, from Old French plege, probably from Late Latin plevium, a security, of Germanic origin.]



## Thesaurus

pledge

*noun*

1. A declaration that one will or will not do a certain thing: assurance, covenant, engagement, guarantee, guaranty, plight<sup>2</sup>, promise, solemn word, vow, warrant, word, word of honor. See obligation.
2. Something given to guarantee the repayment of a loan or the fulfillment of an obligation: earnest<sup>2</sup>, guaranty, pawn<sup>1</sup>, security, token, warrant. See transactions.
3. The act of drinking to someone: toast. See desire, remember/forget.

*verb*

1. To guarantee by a solemn promise: covenant, plight<sup>2</sup>, promise, swear, vow. *Idioms*: give one's word of honor. See agree/disagree, obligation.
2. To assume an obligation: contract, engage, promise, undertake. See agree/disagree, obligation.
3. To be morally bound to do: bind, charge, commit, oblige. See obligation.
4. To give or deposit as a pawn: hypothecate, mortgage, pawn<sup>1</sup>. *Slang hock*. See transactions.
5. To salute by raising and drinking from a glass: drink, toast. See desire, remember/forget.

## Legal Dictionary



pledge<sup>1</sup> (plej)

*n.*

1. A delivery of esp. personal property as security for a debt or other obligation; *broadly* The perfection of a security interest in collateral through possession of the collateral by a creditor or other promisee
2.
  - a. Property and esp. personal property that is used as security esp. upon delivery; *broadly* A security interest in collateral compare chattel mortgage at mortgage
  - b. A contract under which the delivery of property (as personal property) as security takes place
3.
  - a. The state of being held as security or guaranty (property held in pledge)
  - b. Something given as security for the performance of an act
4. A binding promise to do or forbear

pledge<sup>2</sup>

*vt.*

**pledged** **pledg-ing**

1. To deliver or otherwise put forward as security for a debt or other obligation (*pledged* his car as collateral for the loan)
2. To bind by a pledge (we mutually pledge to each other our lives, our fortunes and our sacred honor - *Declaration of Independence*)
3. To assure or promise the performance or payment of **pledgor** ('ple-jər, ple-'jör) or **pledgor** ('ple-jər)



## WordNet

Note: click on a word meaning below to see its connections and related words.

The *noun* pledge has 4 meanings:

Meaning #1: a deposit of personal property as security for a debt

Meaning #2: someone accepted for membership but not yet fully admitted to the group

Meaning #3: a drink in honor of or to the health of a person or event

Synonym: toast

Meaning #4: a binding commitment to do or give or refrain from something

Synonym: assurance

---

The *verb* pledge has 5 meanings:

Meaning #1: promise solemnly and formally

Synonym: plight

Meaning #2: pay (an amount of money) as a contribution to a charity or service, esp. at regular intervals

Synonym: subscribe

Meaning #3: propose a toast to

Synonyms: toast, drink, salute, wassail

Meaning #4: give as a guarantee

Meaning #5: bind or secure by a pledge

---

## Wikipedia



### pledge

Pledge, or Fawn, in law a bailment of personal property as a security for some debt or engagement (Story on Bailments, 286).

The term is also used to denote the property which constitutes the security. Pledge is the *pignus* of Roman law, from which most of the modern law on the subject is derived. It differs from hypothec and from the more usual kind of mortgage in that the pledge is in the possession of the pledgee; it also differs from mortgage in being confined to personal property. A mortgage of personal property in most cases takes the name and form of a bill of sale.

The chief difference between Roman and English law is that certain things, e.g. wearing apparel, furniture and instruments of tillage, could not be pledged in Roman law, while there is no such restriction in English law. In the case of a pledge, a special property passes to the pledgee, sufficient to enable him to maintain an action against a wrongdoer, but the general property, that is the property subject to the pledge, remains in the pledgor.

As the pledge is for the benefit of both parties, the pledgee is bound to exercise only ordinary care over the pledge. The pledgee has the right of selling the pledge if the pledgor make default in payment at the stipulated time. No right is

acquired by the wrongful sale of a pledge except in the case of property passing by delivery, such as money or negotiable securities. In the case of a wrongful sale by a pledgee, the pledgor cannot recover the value of the pledge without a tender of the amount due.

The law of Scotland as to pledge generally agrees with that of England, as does also that of the United States. The main difference is that in Scotland and in Louisiana a pledge cannot be sold unless with judicial authority. In some of the American states the common law as it existed apart from the Factors Acts is still followed; in others the factor has more or less restricted power to give a title by pledge.

A **pledge** is also a term used for a new member of a fraternity.

#### See also

Pledge of Allegiance

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#### Translations

##### Translations for: Pledge

**Nederlands (Dutch)**  
 (plechtig) beloven, in onderpand geven, drinken op, (plechtige) belofte, onderpand, toast, garantie, symbool

**Français (French)**  
 promettre, mettre en gage, engager, caution, gage, promesse, engagement, serment

**Deutsch (German)**  
 n. - Gelöbnis, Zusicherung, Trinkspruch, Pfand, Versprechen  
 v. - versprechen, einen Trinkspruch ausbringen auf, verpfänden

**Ελληνική (Greek)**  
 π. όρκος πίστης ή καθήκοντος, εχέγγυο, εγγύηση, ενέχυρο, (δεσμευτική) υπόσχεση, επαγγελία, δέσμευση, τεκμήριο ν. ενεχυριάζω, υπόσχομαι, δεσμεύομαι, ανάλαμβάνω (υποχρέωση ή δέσμευση), δίνω το λόγο μου, δίνω όρκο πίστης ή καθήκοντος, προπίνω, κάνω πρόποση, (απαρχ.) εγγυώμαι, παρέχω εχέγγυο

**Italiano (Italian)**  
 promettere, impegnare, pegno, promessa, giuramento

**Português (Portuguese)**  
 n. - valor (m), fiança (f), penhor (m), garantia (f), brinde (m)  
 v. - empenhar, hipotecar, brindar

**Русский (Russian)**  
 ручаться, закладывать, залог, обет

**Español (Spanish)**  
 n. - garantía, prenda, convenio, promesa solemne  
 v. tr. - prometer, empeñar, pignorar

v. intr. - dar la palabra

Svenska (Swedish)

n. - löfte, pant

v. - utlova, förbinda, ge sitt hedersord, lämna som säkerhet, sätta i pant, skåla för

□□□ (Simplified Chinese)

n. - □□, □□, □□

v. tr. - □□, □□, □□□

v. intr. - □□, □□, □□, □□

□□□ (Traditional Chinese)

n. - □□, □□, □□

v. tr. - □□, □□, □□□

v. intr. - □□, □□, □□, □□

□□□ (Japanese)

n. - □□, □□, □□□□, □, □□

v. - □□□□, □□□□□, ...□□□□□□□□□, □□□□□

العربيه (Arabic)

(الاسم) رهن, تعهد, عهد, ارتباط, شرب النخب ( فعل ) يتعهد, يرهن, يشرب نخب فلان

עברית (Hebrew)

התחייבות, עירובון, הבטחה, משכון, סימן,אות -

הבטיחה, משכך, נתן בעבוט, שתה לחוי -

v. intr. -

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from The Boston Herald, October 26, 2000  
*shortened version*

## **Charity begins on the Net:**

**Web-based organization matches  
nonprofits with  
corporate givers**

**By Azell Murphy Cavaan**

...Founded in June, boston.craigslist.org and the accompanying Craigslist forum represent a new way for Bay State nonprofit agencies, foundations and private funders to do business.

In the traditional fund-raising setting, grant-writing often moves slowly and can bog down young nonprofits trying to get off the ground.

But Craigslist's forum does away with the bureaucracy and, instead, puts fund-raising in the hands of community members interested in "building a better Boston," noted Meryl Bralower - craigslist boston community builder.

Earlier this month, Craigslist Nonprofit Venture Forum brought together six fledgling nonprofit groups and 30 potential funders.

The gathering, which took place at the University Park Hotel in Cambridge, resembled a pitch meeting before venture capitalists.

"It was bold and refreshing," said Gena Pirtle, corporate philanthropy manager for Cisco Systems, an Internet hardware and software company, which attended the forum.

One by one, each nonprofit organization touted its program's merits for 10 minutes and shared with potential investors its vision for its future.

Most importantly, the nonprofits informed deep-pocketed potential funders of how they could help.

While no checks were exchanged that night, groundwork had been laid, Bralower said.

"We tapped into potential," she said.  
"Relationships were established."

Macy DeLong, founder and executive director of Solutions At Work, a self-help organization for people who are homeless, said the forum provided a refreshing alternative to the traditional grant-writing process and the painstaking solicitation of individual donations.

"The concept is fabulous because as start-ups, many of us don't have connections to bring the people whom we want to bring our message to into the room," said DeLong, whose nonprofit organization is run by people who have experienced homelessness.

"Unless you have a name or a board member or someone who can get you through the door with big companies," she said, "no matter how exciting your organization is, you're competing with so many groups with so many needs, that it's a case of philanthropists being barraged by too many organizations."

Craigslist helps foundations shorten those lists by identifying promising nonprofits that, though they are still young, have already mapped out goals and projections for the future.

After a background check, Craigslist chooses a handful of nonprofit organizations to participate in the program.

The forum then helps these agencies prepare what some have called "the nonprofit equivalent of a business plan" for presentation before potential funders.

"We help them perfect their pitch," Bralower said.

"We teach them to state up front what it is they're after and spend the remainder of the time explaining how the resources will be used."

Pirtle, the philanthropy manager from Cisco Systems, said the forum saves valuable time for her corporation.

The chance to hear firsthand from community activists about the projects they are involved with has proven to be far more telling than the traditional method of grant proposals, which the

foundation routinely receives, she said.

"Grant proposals can't give you a feel for the passion behind the cause the way that these forums can," Pirtle said.

"By bringing nonprofits and funders together, Craigslist can help facilitate some powerful giving. It's an idea whose time has come."

More press on the craigslist nonprofit venture forum.

Check out the pictures from the Forum too.

►  
**277 F.3d 1338, 61 U.S.P.Q.2d 1430**  
Briefs and Other Related Documents

United States Court of Appeals, Federal Circuit.  
In re SANG-SU LEE.  
**No. 00-1158.**

Jan. 18, 2002.

Board of Patent Appeals and Interferences rejected all claims of inventor's patent application directed toward method of automatically displaying functions of video display device that demonstrated how to select and adjust functions in order to facilitate response by user. Inventor appealed. The Court of Appeals, Pauline Newman, Circuit Judge, held that analysis by Board did not comport with either legal requirements for determination of obviousness or with requirements of Administrative Procedure Act (APA).

Vacated and remanded.

West Headnotes

**[1] Patents 291** **113(6)**  
291k113(6) Most Cited Cases

Tribunals of the Patent and Trademark Office (PTO) are governed by the Administrative Procedure Act (APA), and their rulings receive the same judicial deference as do tribunals of other administrative agencies. 5 U.S.C.A. § 551 et seq.

**[2] Administrative Law and Procedure 15A**  
 **485**  
15Ak485 Most Cited Cases

**Administrative Law and Procedure 15A** **507**  
15Ak507 Most Cited Cases

For judicial review to be meaningfully achieved within the strictures of the Administrative Procedures Act (APA), an agency tribunal must present a full and reasoned explanation of its decision; the agency tribunal must set forth its findings and the grounds thereof, as supported by the agency record, and explain its application of the law to the found facts. 5 U.S.C.A. § 706(2).

**[3] Patents 291** **113(6)**  
291k113(6) Most Cited Cases

Judicial review of a decision of the Board of Patent Appeals and Interferences denying an application for a patent is founded on the obligation of the agency to make the necessary findings and to provide an administrative record showing the evidence on which the findings are based, accompanied by the agency's reasoning in reaching its conclusions. 5 U.S.C.A. § 551 et seq.

**[4] Patents 291** **31.1**

291k31.1 Most Cited Cases

As applied to the determination of patentability vel non when the issue is obviousness, it is fundamental that the rejection of a patent application must be based on evidence comprehended by the language of the statute addressing obviousness. 35 U.S.C.A. § 103.

**[5] Patents 291** **16.5(1)**

291k16.5(1) Most Cited Cases

The patent examination process centers on prior art and the analysis thereof; when patentability turns on the question of obviousness, the search for and analysis of the prior art includes evidence relevant to the finding of whether there is a teaching, motivation, or suggestion to select and combine the references relied on as evidence of obviousness. 35 U.S.C.A. § 103.

**[6] Patents 291** **26(1)**

291k26(1) Most Cited Cases

In the context of an obviousness determination by the Board of Patent Appeals and Interferences, the factual inquiry whether to combine references must be thorough and searching; it must be based on objective evidence of record. 35 U.S.C.A. § 103.

**[7] Patents 291** **111**

291k111 Most Cited Cases

Analysis of invention by Board of Patent Appeals and Interferences did not comport with either legal requirements for determination of obviousness or with requirements of Administrative Procedure Act (APA) on basis that agency tribunal did not set forth findings and explanations needed for reasoned decisionmaking; examiner used conclusory statements to support his subjective belief that it was obvious that person skilled in the art would have been motivated to combine prior art, and Board rejected need for any specific hint or suggestion in particular reference to support combination of prior art. 5

U.S.C.A. § 706(2) ; 35 U.S.C.A. § 103.

**[8] Patents 291 ↗ 26(1)**

**291k26(1) Most Cited Cases**

In an obviousness determination, the factual question of motivation to combine prior art is material to patentability, and cannot be resolved on subjective belief and unknown authority. 35 U.S.C.A. § 103.

**[9] Patents 291 ↗ 26(1)**

**291k26(1) Most Cited Cases**

**Patents 291 ↗ 111**

**291k111 Most Cited Cases**

In an obviousness determination under patent law, it is improper, in determining whether a person of ordinary skill would have been led to combine references, simply to use that which the inventor taught against its teacher; thus, the Board of Patent Appeals and Interferences must not only assure that the requisite findings are made, based on evidence of record, but must also explain the reasoning by which the findings are deemed to support the agency's conclusion. 5 U.S.C.A. § 706(2) ; 35 U.S.C.A. § 103.

**[10] Administrative Law and Procedure 15A ↗ 507**

**15Ak507 Most Cited Cases**

Deferential judicial review under the Administrative Procedure Act (APA) does not relieve the agency of its obligation to develop an evidentiary basis for its findings; to the contrary, the APA reinforces this obligation. 5 U.S.C.A. § 706(2).

**[11] Administrative Law and Procedure 15A ↗ 763**

**15Ak763 Most Cited Cases**

**Administrative Law and Procedure 15A ↗ 796**

**15Ak796 Most Cited Cases**

In the context of judicial review under the Administrative Procedure Act (APA), a decision by an agency tribunal that has an omission of a relevant factor required by precedent is both legal error and "arbitrary agency action." 5 U.S.C.A. § 551 et seq.

**[12] Administrative Law and Procedure 15A ↗ 485**

**15Ak485 Most Cited Cases**

**Administrative Law and Procedure 15A ↗ 760**

**15Ak760 Most Cited Cases**

The foundation of the principle of judicial deference

under the Administrative Procedures Act (APA) to the rulings of agency tribunals is that the tribunal has specialized knowledge and expertise, such that when reasoned findings are made, a reviewing court may confidently defer to the agency's application of its knowledge in its area of expertise; however, reasoned findings are critical to the performance of agency functions and judicial reliance on agency competence. 5 U.S.C.A. § 706(2).

**[13] Patents 291 ↗ 16(1)**

**291k16(1) Most Cited Cases**

The determination of patentability on the ground of unobviousness is ultimately one of judgment; in furtherance of the judgmental process, the patent examination procedure serves both to find, and to place on the official record, that which has been considered with respect to patentability. 35 U.S.C.A. § 103.

**[14] Patents 291 ↗ 16(3)**

**291k16(3) Most Cited Cases**

**Patents 291 ↗ 104**

**291k104 Most Cited Cases**

**Patents 291 ↗ 111**

**291k111 Most Cited Cases**

In the context of an obviousness determination, the patent examiner and the Board of Patent Appeals and Interferences are deemed to have experience in the field of the invention; however, this experience, insofar as applied to the determination of patentability, must be applied from the viewpoint of the person having ordinary skill in the art to which said subject matter pertains. 35 U.S.C.A. § 103.

**[15] Patents 291 ↗ 104**

**291k104 Most Cited Cases**

In finding the relevant facts, in assessing the significance of the prior art, and in making the ultimate determination of the issue of obviousness, the examiner and the Board of Patent Appeals and Interferences are presumed to act from the viewpoint of a person having ordinary skill in the art to which the subject matter pertains; thus, when they rely on what they assert to be general knowledge to negate patentability, that knowledge must be articulated and placed on the record and the failure to do so is not consistent with either effective administrative procedure or effective judicial review. 5 U.S.C.A. § 706(2) ; 35 U.S.C.A. § 103.

**[16] Patents 291 ↗ 111**

291k111 Most Cited Cases

In the context of an obviousness determination, the Board of Patent Appeals and Interferences cannot rely on conclusory statements when dealing with particular combinations of prior art and specific claims, but must set forth the rationale on which it relies. 5 U.S.C.A. § 706(2); 35 U.S.C.A. § 103.

[17] Administrative Law and Procedure 15A

~~326~~

15Ak326 Most Cited Cases

Administrative Law and Procedure 15A ~~326~~ 485

15Ak485 Most Cited Cases

Administrative Law and Procedure 15A ~~326~~ 507

15Ak507 Most Cited Cases

Sound administrative procedure requires that an agency apply the law in accordance with statute and precedent; the agency tribunal must make findings of relevant facts, and present its reasoning in sufficient detail that the court may conduct meaningful review of the agency action. 5 U.S.C.A. § 706(2).

Patents 291 ~~328~~(2)

291k328(2) Most Cited Cases

4,626,892. Cited As Prior Art.

\*1340 Richard H. Stern, of Washington, DC, argued for Sang Su Lee. With him on the brief was Robert E. Bushnell.

Sidney O. Johnson, Jr., Associate Solicitor, of Arlington, Virginia, argued for the Director of the U.S. Patent and Trademark Office. With him on the brief were John M. Whealan, Solicitor, and Raymond T. Chen, Associate Solicitor. Of counsel were Maximilian R. Peterson and Mark Nagumo, Associate Solicitors.

Before PAULINE NEWMAN, CLEVINGER, and DYK, Circuit Judges.

PAULINE NEWMAN, Circuit Judge.

Sang-Su Lee appeals the decision of the Board of Patent Appeals and Interferences of the United States Patent and Trademark Office, rejecting all of the claims of Lee's patent application Serial No. 07/631,210 entitled "Self-Diagnosis and Sequential-Display Method of Every Function." FN1 We vacate the Board's decision for failure to meet the adjudicative standards for review under the Administrative Procedure Act, and remand for further proceedings.

FN1. *Ex parte Lee*, No.1994-1989 (Bd. Pat.App. & Int. Aug. 30, 1994; on reconsid'n Sept. 29, 1999).

**The Prosecution Record**

Mr. Lee's patent application is directed to a method of automatically displaying the functions of a video display device and demonstrating how to select and adjust the functions in order to facilitate response by the user. The display and demonstration are achieved using computer-managed electronics, including pulse-width modulation and auto-fine-tuning pulses, in accordance with procedures described in the specification. Claim 10 is representative:

10. A method for automatically displaying functions of a video display device, comprising: determining if a demonstration mode is selected; if said demonstration mode is selected, automatically entering a picture adjustment mode having a picture menu screen displaying a list of a plurality of picture functions; and automatically demonstrating selection and adjustment of individual ones of said plurality of picture functions.

The examiner rejected the claims on the ground of obviousness, citing the combination of two references: United States Patent No. 4,626,892 to Nortrup, and the Thunderchopper Helicopter Operations \*1341 Handbook for a video game. The Nortrup reference describes a television set having a menu display by which the user can adjust various picture and audio functions; however, the Nortrup display does not include a demonstration of how to adjust the functions. The Thunderchopper Handbook describes the Thunderchopper game's video display as having a "demonstration mode" showing how to play the game; however, the Thunderchopper Handbook makes no mention of the adjustment of picture or audio functions. The examiner held that it would have been obvious to a person of ordinary skill to combine the teachings of these references to produce the Lee system.

Lee appealed to the Board, arguing that the Thunderchopper Handbook simply explained how to play the Thunderchopper game, and that the prior art provided no teaching or motivation or suggestion to combine this reference with Nortrup, or that such combination would produce the Lee invention. The Board held that it was not necessary to present a source of a teaching, suggestion, or motivation to

combine these references or their teachings. The Board stated:

The conclusion of obviousness may be made from common knowledge and common sense of a person of ordinary skill in the art without any specific hint or suggestion in a particular reference.  
Board op. at 7. The Board did not explain the "common knowledge and common sense" on which it relied for its conclusion that "the combined teachings of Nortrup and Thunderchopper would have suggested the claimed invention to those of ordinary skill in the art."

Lee filed a request for reconsideration, to which the Board responded after five years. The Board reaffirmed its decision, stating that the Thunderchopper Handbook was "analogous art" because it was "from the same field of endeavor" as the Lee invention, and that the field of video games was "reasonably pertinent" to the problem of adjusting display functions because the Thunderchopper Handbook showed video demonstrations of the "features" of the game. On the matter of motivation to combine the Nortrup and Thunderchopper references, the Board stated that "we maintain the position that we stated in our prior decision" and that the Examiner's Answer provided "a well reasoned discussion of why there is sufficient motivation to combine the references." The Board did not state the examiner's reasoning, and review of the Examiner's Answer reveals that the examiner merely stated that both the Nortrup function menu and the Thunderchopper demonstration mode are program features and that the Thunderchopper mode "is user-friendly" and it functions as a tutorial, and that it would have been obvious to combine them.

Lee had pressed the examiner during prosecution for some teaching, suggestion, or motivation in the prior art to select and combine the references that were relied on to show obviousness. The Examiner's Answer before the Board, plus a Supplemental Answer, stated that the combination of Thunderchopper with Nortrup "would have been obvious to one of ordinary skill in the art since the demonstration mode is just a programmable feature which can be used in many different device[s] for providing automatic introduction by adding the proper programming software," and that "another motivation would be that the automatic demonstration mode is user friendly and it functions as a tutorial." The Board adopted the examiner's answer, stating "the examiner has provided a well reasoned discussion of these references and how the combination of these references meets the claim

limitations." However, perhaps recognizing that the examiner had provided insufficient justification to \*1342 support combining the Nortrup and Thunderchopper references, the Board held, as stated *supra*, that a "specific hint or suggestion" of motivation to combine was not required.

This appeal followed.

### ***Judicial Review***

[1] Tribunals of the PTO are governed by the Administrative Procedure Act, and their rulings receive the same judicial deference as do tribunals of other administrative agencies. *Dickinson v. Zurko*, 527 U.S. 150, 119 S.Ct. 1816, 144 L.Ed.2d 143, 50 USPQ2d 1930 (1999). Thus on appeal we review a PTO Board's findings and conclusions in accordance with the following criteria:

- 5 U.S.C. § 706(2) The reviewing court shall-
- (2) hold unlawful and set aside agency actions, findings, and conclusions found to be-
  - (A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law;

\* \* \* \* \*

- (E) unsupported by substantial evidence in a case subject to sections 556 and 557 of this title or otherwise reviewed on the record of an agency hearing provided by statute;

[2] [3] For judicial review to be meaningfully achieved within these strictures, the agency tribunal must present a full and reasoned explanation of its decision. The agency tribunal must set forth its findings and the grounds thereof, as supported by the agency record, and explain its application of the law to the found facts. The Court has often explained:

The Administrative Procedure Act, which governs the proceedings of administrative agencies and related judicial review, establishes a scheme of "reasoned decisionmaking." Not only must an agency's decreed result be within the scope of its lawful authority, but the process by which it reaches that result must be logical and rational.

*Allentown Mack Sales and Service, Inc. v. National Labor Relations Bd.*, 522 U.S. 359, 374, 118 S.Ct. 818, 139 L.Ed.2d 797 (1998) (citation omitted). This standard requires that the agency not only have reached a sound decision, but have articulated the reasons for that decision. The reviewing court is thus enabled to perform meaningful review within the strictures of the APA, for the court will have a basis on which to determine "whether the decision was

based on the relevant factors and whether there has been a clear error of judgment.” *Citizens to Preserve Overton Park v. Volpe*, 401 U.S. 402, 416, 91 S.Ct. 814, 28 L.Ed.2d 136 (1971). Judicial review of a Board decision denying an application for patent is thus founded on the obligation of the agency to make the necessary findings and to provide an administrative record showing the evidence on which the findings are based, accompanied by the agency’s reasoning in reaching its conclusions. See *In re Zurko*, 258 F.3d 1379, 1386, 59 USPQ2d 1693, 1697 (Fed.Cir.2001) (review is on the administrative record); *In re Gartside*, 203 F.3d 1305, 1314, 53 USPQ2d 1769, 1774 (Fed.Cir.2000) (Board decision “must be justified within the four corners of the record”).

[4] [5] As applied to the determination of patentability *vel non* when the issue is obviousness, “it is fundamental that rejections under 35 U.S.C. § 103 must be based on evidence comprehended by the language of that section.” *In re Grasselli*, 713 F.2d 731, 739, 218 USPQ 769, 775 (Fed.Cir.1983). The essential factual evidence on the issue of obviousness is set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 17-18, 86 S.Ct. 684, 15 L.Ed.2d 545, 148 USPQ 459, 467 (1966) and extensive ensuing precedent. The patent examination\*1343 process centers on prior art and the analysis thereof. When patentability turns on the question of obviousness, the search for and analysis of the prior art includes evidence relevant to the finding of whether there is a teaching, motivation, or suggestion to select and combine the references relied on as evidence of obviousness. See, e.g., *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1351-52, 60 USPQ2d 1001, 1008 (Fed.Cir.2001) (“the central question is whether there is reason to combine [the] references,” a question of fact drawing on the *Graham* factors).

[6] “The factual inquiry whether to combine references must be thorough and searching.” *Id.* It must be based on objective evidence of record. This precedent has been reinforced in myriad decisions, and cannot be dispensed with. See, e.g., *Brown & Williamson Tobacco Corp. v. Philip Morris Inc.*, 229 F.3d 1120, 1124-25, 56 USPQ2d 1456, 1459 (Fed.Cir.2000) (“a showing of a suggestion, teaching, or motivation to combine the prior art references is an ‘essential component of an obviousness holding’ ”) (quoting *C.R. Bard, Inc. v. M3 Systems, Inc.*, 157 F.3d 1340, 1352, 48 USPQ2d 1225, 1232 (Fed.Cir.1998)); *In re Dembiczaik*, 175 F.3d 994, 999, 50 USPQ2d 1614, 1617 (Fed.Cir.1999) (“Our case law makes clear that the best defense against the

subtle but powerful attraction of a hindsight-based obviousness analysis is rigorous application of the requirement for a showing of the teaching or motivation to combine prior art references.”); *In re Dance*, 160 F.3d 1339, 1343, 48 USPQ2d 1635, 1637 (Fed.Cir.1998) (there must be some motivation, suggestion, or teaching of the desirability of making the specific combination that was made by the applicant); *In re Fine*, 837 F.2d 1071, 1075, 5 USPQ2d 1596, 1600 (Fed.Cir.1988) (“‘teachings of references can be combined *only* if there is some suggestion or incentive to do so.’”) (emphasis in original) (quoting *ACS Hosp. Sys., Inc. v. Montefiore Hosp.*, 732 F.2d 1572, 1577, 221 USPQ 929, 933 (Fed.Cir.1984)).

The need for specificity pervades this authority. See, e.g., *In re Kotzab*, 217 F.3d 1365, 1371, 55 USPQ2d 1313, 1317 (Fed.Cir.2000) (“particular findings must be made as to the reason the skilled artisan, with no knowledge of the claimed invention, would have selected these components for combination in the manner claimed”); *In re Rouffet*, 149 F.3d 1350, 1359, 47 USPQ2d 1453, 1459 (Fed.Cir.1998) (“even when the level of skill in the art is high, the Board must identify specifically the principle, known to one of ordinary skill, that suggests the claimed combination. In other words, the Board must explain the reasons one of ordinary skill in the art would have been motivated to select the references and to combine them to render the claimed invention obvious.”); *In re Fritch*, 972 F.2d 1260, 1265, 23 USPQ2d 1780, 1783 (Fed.Cir.1992) (the examiner can satisfy the burden of showing obviousness of the combination “only by showing some objective teaching in the prior art or that knowledge generally available to one of ordinary skill in the art would lead that individual to combine the relevant teachings of the references”).

[7] [8] [9] With respect to Lee’s application, neither the examiner nor the Board adequately supported the selection and combination of the Nortrup and Thunderchopper references to render obvious that which Lee described. The examiner’s conclusory statements that “the demonstration mode is just a programmable feature which can be used in many different device[s] for providing automatic introduction by adding the proper programming software” and that “another motivation would be that the automatic demonstration mode is user friendly and it functions as a tutorial” do not adequately address the issue of motivation to combine. This factual question \*1344 of motivation is material to patentability, and could not be resolved on subjective

belief and unknown authority. It is improper, in determining whether a person of ordinary skill would have been led to this combination of references, simply to “[use] that which the inventor taught against its teacher.” *W.L. Gore v. Garlock, Inc.*, 721 F.2d 1540, 1553, 220 USPQ 303, 312-13 (Fed.Cir.1983). Thus the Board must not only assure that the requisite findings are made, based on evidence of record, but must also explain the reasoning by which the findings are deemed to support the agency’s conclusion.

[10] Deferential judicial review under the Administrative Procedure Act does not relieve the agency of its obligation to develop an evidentiary basis for its findings. To the contrary, the Administrative Procedure Act reinforces this obligation. *See, e.g., Motor Vehicle Manufacturers Ass’n v. State Farm Mutual Automobile Ins. Co.*, 463 U.S. 29, 43, 103 S.Ct. 2856, 77 L.Ed.2d 443 (1983) (“the agency must examine the relevant data and articulate a satisfactory explanation for its action including a ‘rational connection between the facts found and the choice made.’”) (quoting *Burlington Truck Lines v. United States*, 371 U.S. 156, 168, 83 S.Ct. 239, 9 L.Ed.2d 207 (1962)); *Securities & Exchange Comm’n v. Chenery Corp.*, 318 U.S. 80, 94, 63 S.Ct. 454, 87 L.Ed. 626 (1943) (“The orderly function of the process of review requires that the grounds upon which the administrative agency acted are clearly disclosed and adequately sustained.”).

[11] In its decision on Lee’s patent application, the Board rejected the need for “any specific hint or suggestion in a particular reference” to support the combination of the Nortrup and Thunderchopper references. Omission of a relevant factor required by precedent is both legal error and arbitrary agency action. *See Motor Vehicle Manufacturers*, 463 U.S. at 43, 103 S.Ct. 2856 (“an agency rule would be arbitrary and capricious if the agency ... entirely failed to consider an important aspect of the problem”); *Mullins v. Department of Energy*, 50 F.3d 990, 992 (Fed.Cir.1995) (“It is well established that agencies have a duty to provide reviewing courts with a sufficient explanation for their decisions so that those decisions may be judged against the relevant statutory standards, and that failure to provide such an explanation is grounds for striking down the action.”). As discussed in *National Labor Relations Bd. v. Ashkenazy Property Mgt. Corp.*, 817 F.2d 74, 75 (9th Cir.1987), an agency is “not free to refuse to follow circuit precedent.”

[12] The foundation of the principle of judicial

deference to the rulings of agency tribunals is that the tribunal has specialized knowledge and expertise, such that when reasoned findings are made, a reviewing court may confidently defer to the agency’s application of its knowledge in its area of expertise. Reasoned findings are critical to the performance of agency functions and judicial reliance on agency competence. *See Baltimore and Ohio R.R. Co. v. Aberdeen & Rockfish R.R. Co.*, 393 U.S. 87, 91-92, 89 S.Ct. 280, 21 L.Ed.2d 219 (1968) (absent reasoned findings based on substantial evidence effective review would become lost “in the haze of so-called expertise”). The “common knowledge and common sense” on which the Board relied in rejecting Lee’s application are not the specialized knowledge and expertise contemplated by the Administrative Procedure Act. Conclusory statements such as those here provided do not fulfill the agency’s obligation. This court explained in *Zurko*, 258 F.3d at 1385, 59 USPQ2d at 1697, that “deficiencies of the cited references cannot be remedied by the Board’s general conclusions about what is ‘basic knowledge’ or ‘common sense.’” The \*1345 Board’s findings must extend to all material facts and must be documented on the record, lest the “haze of so-called expertise” acquire insulation from accountability. “Common knowledge and common sense,” even if assumed to derive from the agency’s expertise, do not substitute for authority when the law requires authority. *See Allentown Mack*, 522 U.S. at 376, 118 S.Ct. 818 (“Because reasoned decisionmaking demands it, and because the systemic consequences of any other approach are unacceptable, the Board must be required to apply in fact the clearly understood legal standards that it enunciates in principle....”)

The case on which the Board relies for its departure from precedent, *In re Bozek*, 57 C.C.P.A. 713, 416 F.2d 1385, 163 USPQ 545 (1969), indeed mentions “common knowledge and common sense,” the CCPA stating that the phrase was used by the Solicitor to support the Board’s conclusion of obviousness based on evidence in the prior art. *Bozek* did not hold that common knowledge and common sense are a substitute for evidence, but only that they may be applied to analysis of the evidence. *Bozek* did not hold that objective analysis, proper authority, and reasoned findings can be omitted from Board decisions. Nor does *Bozek*, after thirty-two years of isolation, outweigh the dozens of rulings of the Federal Circuit and the Court of Customs and Patent Appeals that determination of patentability must be based on evidence. This court has remarked, in *Smiths Industries Medical Systems, Inc. v. Vital Signs, Inc.*, 183 F.3d 1347, 1356, 51 USPQ2d 1415,

1421 (Fed.Cir.1999), that *Bozek*'s reference to common knowledge "does not in and of itself make it so" absent evidence of such knowledge.

[13] [14] [15] [16] The determination of patentability on the ground of unobviousness is ultimately one of judgment. In furtherance of the judgmental process, the patent examination procedure serves both to find, and to place on the official record, that which has been considered with respect to patentability. The patent examiner and the Board are deemed to have experience in the field of the invention; however, this experience, insofar as applied to the determination of patentability, must be applied from the viewpoint of "the person having ordinary skill in the art to which said subject matter pertains," the words of section 103. In finding the relevant facts, in assessing the significance of the prior art, and in making the ultimate determination of the issue of obviousness, the examiner and the Board are presumed to act from this viewpoint. Thus when they rely on what they assert to be general knowledge to negate patentability, that knowledge must be articulated and placed on the record. The failure to do so is not consistent with either effective administrative procedure or effective judicial review. The board cannot rely on conclusory statements when dealing with particular combinations of prior art and specific claims, but must set forth the rationale on which it relies.

#### *Alternative Grounds*

At oral argument the PTO Solicitor proposed alternative grounds on which this court might affirm the Board's decision. However, as stated in Burlington Truck Lines, Inc. v. United States, 371 U.S. 156, 168, 83 S.Ct. 239, 9 L.Ed.2d 207 (1962), "courts may not accept appellate counsel's *post hoc* rationalization for agency action." Consideration by the appellate tribunal of new agency justifications deprives the aggrieved party of a fair opportunity to support its position; thus review of an administrative decision must be made on the grounds relied on by the agency. "If those grounds are inadequate or improper, the court is powerless to affirm the administrative action by substituting what it considers" 1346 to be a more adequate or proper basis." Securities & Exchange Comm'n v. Chenery Corp., 332 U.S. 194, 196, 67 S.Ct. 1575, 91 L.Ed. 1995 (1947). As reiterated in Federal Election Comm'n v. Akins, 524 U.S. 11, 25, 118 S.Ct. 1777, 141 L.Ed.2d 10 (1998), "If a reviewing court agrees that the agency misinterpreted the law, it will set

aside the agency's action and remand the case—even though the agency (like a new jury after a mistrial) might later, in the exercise of its lawful discretion, reach the same result for a different reason." Thus we decline to consider alternative grounds that might support the Board's decision.

#### *Further Proceedings*

[17] Sound administrative procedure requires that the agency apply the law in accordance with statute and precedent. The agency tribunal must make findings of relevant facts, and present its reasoning in sufficient detail that the court may conduct meaningful review of the agency action. In Radio-Television News Directors Ass'n v. FCC, 184 F.3d 872 (D.C.Cir.1999) the court discussed the "fine line between agency reasoning that is 'so crippled as to be unlawful' and action that is potentially lawful but insufficiently or inappropriately explained," quoting from Checkosky v. Securities & Exch. Comm'n, 23 F.3d 452, 464 (D.C.Cir.1994); the court explained that "[i]n the former circumstance, the court's practice is to vacate the agency's order, while in the latter the court frequently remands for further explanation (including discussion of the relevant factors and precedents) while withholding judgment on the lawfulness of the agency's proposed action." *Id.* at 888. In this case the Board's analysis of the Lee invention does not comport with either the legal requirements for determination of obviousness or with the requirements of the Administrative Procedure Act that the agency tribunal set forth the findings and explanations needed for "reasoned decisionmaking." Remand for these purposes is required. See Overton Park, 401 U.S. at 420-421, 91 S.Ct. 814 (remanding for further proceedings appropriate to the administrative process).

#### *VACATED AND REMANDED.*

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#### Briefs and Other Related Documents (Back to top)

- 2000 WL 34252120 (Appellate Brief) Reply Brief for Appellant (May. 22, 2000) Original Image of this Document with Appendix (PDF)
- 2000 WL 34252119 (Appellate Brief) Brief for Appellee Director of the United States Patent and Trademark Office (May. 08, 2000) Original Image of this Document (PDF)

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- 2000 WL 34252118 (Appellate Brief) Combined Brief for Appellant and Appendix (Mar. 10, 2000)  
Original Image of this Document with Appendix (PDF)
- 00-1158 (Docket) (Nov. 29, 1999)

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